

Last week (6-12.09.2021) the **Monetary Policy Council held a meeting** at which **interest rates were not changed**. The President of the National Bank of Poland, Adam Glapiński, at a press conference presented the view that the **current high price growth is temporary** and, what is more, is driven by factors that are beyond the control of the MPC. Factors contributing to **high inflation included among others rising energy and fuel prices, postponed demand** after the COVID-19 pandemic and **supply shocks**. Currently, according to the NBP President, **the policy tightening would slow down growth and would not result in a deceleration of inflation**. For the MPC to decide to hike interest rates, there must be a **risk of the inflation target being permanently exceeded** as a result of sustained demand pressure amid a **strong labour market and good economic activity**.

Last week the **European Central Bank** also held a meeting and decided to **reduce the pace of its asset purchases**. It is expected to be somewhat lower than in the last two quarters, falling from the monthly level of **EUR 80 billion to around EUR 60-70 billion**.

Foreign equity markets ended last week in **negative territory** (S&P 500 -1.7%, EURO STOXX 50 -0.8%, MSCI EM -0.5%). **The correction did not affect the Warsaw Stock Exchange**, where the main WIG index closed the week almost **unchanged**. Also on the **bond markets** the volatility was marginal and there **were no significant price movements**.

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